

Alberta 2003 Budget

Making Alberta Even Better

Quick Facts

Budget 2003 Highlights

- Implements a new fiscal framework for Alberta.
- Creates the Alberta Sustainability Fund to better manage volatile resource revenue.
- Introduces a three-year capital plan to end stop-and-go funding of capital projects.
- Allocates available dollars to Albertans' key priorities.
- Increases Alberta's overall economic and tax advantages.
- A balanced budget for the 10th consecutive year.

Alberta Sustainability Fund

- Resource revenue for budgeting purposes will be fixed at \$3.5 billion.
- Resource revenue over \$3.5 billion will be deposited into the sustainability fund.
- If resource revenue is lower than \$3.5 billion in future years, the shortfall can be withdrawn from the Fund to keep planned spending on track.
- Takes the volatility out of fiscal planning since resource revenue available for spending will be set at \$3.5 billion.
- It is anticipated that by the end of the 2003-04 the balance in the Alberta Sustainability Fund will be \$2.2 billion.

Capital Plan

- Commits \$5.5 billion to capital spending over the next three years, including \$910 million from the capital account.
- Nearly \$1.7 billion will be spent in 2003-04.
- Funds major capital projects that were deferred in the fall of 2001.

Solid Economic Growth for Alberta

- Alberta's economic growth will reach 3.6 % in 2003.
- Nearly 37,000 new jobs will be created in 2003.
- Another 100,000 jobs will be added by 2006.

Priority Spending

- Health and Wellness spending will increase by 7.2% to \$7.35 billion in 2003-04.
- Learning base program spending will increase by 4.7% to \$4.9 billion in 2003-04.
- Assistance for those in need will increase by 4.6% to \$2.1 billion in 2003-04.
- Spending by Health and Wellness, Learning, Infrastructure and Transportation will account for nearly 70% of total expense.
- Agriculture, Food and Rural Development base spending will increase by \$262 million to \$808 million, primarily to enhance farm safety-net programs.

The Alberta Tax Advantage

- Alberta enjoys no general sales tax, no payroll tax, no capital tax and the lowest fuel tax in Canada.
- Indexing Alberta's personal non-refundable tax credits to inflation over the past two years saves Albertans \$130 million in personal income taxes in 2003.
- A typical one-income family earning \$30,000 with two children will pay 85% less in taxes and health care insurance premiums in Alberta than the average in other provinces.
- A typical two-income family earning \$60,000 with two children will pay 30% less in taxes and health care insurance premiums in Alberta than the average in other provinces.
- Effective April 1, Alberta's small business corporate income tax rate of 4% and the general corporate income tax rate of 12.5% are the second lowest among provinces.
- This year's reductions in corporate income taxes will save Alberta businesses \$94 million.

Balanced Budgets and Debt Repayment

- As required by the *Fiscal Responsibility Act*, the budget will continue to be balanced for the next three years.
- The economic cushion, adjusted for Alberta Sustainability Fund and capital account transfers, is budgeted at \$268 million.
- In 2003-04, \$20.8 billion will be spent on programs and services for Albertans.
- Including the cash set aside for future debt repayment, Alberta's accumulated debt has been reduced from \$22.7 to \$4.8 billion saving nearly \$1.3 billion in annual debt servicing costs.
- The accumulated debt must be paid off by 2025.